

**TESTIMONY OF JONATHAN CARTER
REGARDING ZP 707
PLUM CREEK PETITION FOR REZONING
MOOSEHEAD REGION**

**PRESENTED TO THE
MAINE LAND USE REGULATION COMMISSION**

August 30, 2007

INTRODUCTION

My name is Jonathan Carter. I am the director of the Forest Ecology Network (FEN), which is a non-profit grassroots organization based in Lexington Township, Maine, dedicated to protecting, preserving, and restoring the Maine Woods. A brief mission statement and organizational profile are attached. I have also submitted a brief curriculum vitae.

I am personally very familiar with the Moosehead Region having first visited it as boy in the 1950s on a family outing to Mt. Kineo. I have hiked, climbed, and canoed much of the Moosehead Region. FEN has organized numerous field trips to the area. I personally have examined on the ground and by air all the Plum Creek development sites. I have a long-standing interest and commitment to protecting the Moosehead Region from non-sustainable forest practices and unregulated sprawling development.

As a scientist and educator by training, I have studied and lectured widely about forest ecosystems. As a candidate for Congress in the 2nd District (1992) and for Governor (1994 and 2000), I spent considerable time investigating the economic difficulties and opportunities of the Moosehead Region.

In my testimony I will argue that Plum Creek's Concept Plan does not meet the test of sound land use planning and is woefully shallow in demonstrating sustainable economic benefits that outweigh the costs.

MOOSEHEAD REGION FROM SPACE

I want you to imagine being in a space vehicle looking down on the eastern seaboard at night. You would see a string of bright lights from central Maine all the way down to Florida. The lights are brighter and more concentrated in urban and suburban areas than in rural areas. In a mere hundred plus years, the night view from space has gone from blackness to constant illumination. There are only two regions of any size on the eastern seaboard that still have the "lights out." One is the tip of Florida in the Everglades and the other is the 10.4 million acres we in Maine call the North Woods.

My reason for having you conjure up this image is to emphasize the uniqueness of the North Woods, indeed, the scarcity of such places. If we could somehow capture a time-

lapse space view over the last hundred years we would see human sprawl materialize before our eyes. We would witness the incremental loss of all things wild and the deterioration on a landscape-scale of healthy ecosystems.

Maine has the largest contiguous area of undeveloped land east of the Mississippi. At the core of this area is the Moosehead Lake Region. It is exactly the uniqueness of Moosehead which makes it attractive to Plum Creek as a commodity to be subdivided and sold to the highest bidder. The irony is that in the process of parceling it out, the very values that are being marketed will be destroyed. As I will show later, the economic analysis of Plum Creek's Concept Plan is not only based on faulty assumptions, but it does not fully include the cost of externalities.

A FUNDAMENTAL CHANGE IN LAND OWNERSHIP PATTERNS

Historically, the Moosehead Region's primary economic engine has been fiber extraction. With the over cutting of the spruce-fir forests in the 1970s and 80s and the rise of foreign paper production competition, the Moosehead Region has experienced a major decline in the forest industry. Typically, industries in decline try to liquidate their assets. The forest industry has followed this trend by divesting its land holdings and selling or closing production facilities. According to the publication " Changing Timberland Ownership in the Northern Forests and Implications for Biodiversity," between 1994 and 2005 there was a major shift away from industrial landowners as they liquidated their land assets and sold them to financial investors, developers, and Real Estate Investment Trusts (REITs) like Plum Creek. In 1994, industry represented the largest single landowner type with about 59% of the 11.7 million acres owned in parcels greater than 5,000 acres. By 2005, industry ownership had decreased to 15.5%, financial investors had increased to almost 33%, and the Plum Creek REIT held ownership of about seven and a half percent.

Clearly, the historical pattern of long-term industry land ownership has been replaced by short-term investment speculators and developers. No longer does LURC have to deal only with the occasional camp lot or septic system, but it is confronted with the onslaught of massive development proposals. The scope of change should give LURC pause. A plan for the Moosehead Region should be completed before massive zoning changes are approved. Rather than be directed by pro-development forces such as Plum Creek, LURC has an obligation to protect the public's interest by completing its own independent plan similar to what the commission did for the Rangeley region.

PLUM CREEK'S FAILED ECONOMIC MODEL

I have examined the ERA market analysis and the Colgan Economic Impact study provided by Plum Creek. Sadly, these analyses appear to be little more than statistical spin doctoring in order to substantiate Plum Creek's land speculation. I would like to share some of my observations on these documents.

1. Colgan, C. Estimated Economic Impacts from Development Associated with the Proposed Rezoning of Lands Owned by Plum Creek Timber in the Moosehead Lake Region. Center for Business and Economic Research. May 2007.

To Dr. Colgan's credit, he admits in the introduction that the report he has put together has little value for accurately predicting the economic future of the Moosehead region. On page 3, he writes,

"it should be emphasized that the estimation of economic impacts from a rezoning proposal depends on a great many detailed circumstances, which cannot be projected with accuracy. For example, assumptions about the value of new housing or the possible resorts must be made, along with assumptions about the pace of development over the next two decades. Moreover, little is known about the specific features of the current economic situation in the Moosehead Lake region, particularly the characteristics of visitors to the region."

What Colgan is saying with this major disclaimer, and I agree with him, is that there is no way to accurately predict or forecast the economic impact of the Plum Creek development plan. If the estimated impacts are nothing more than wishful thinking, what value does the generated data in the report have? While the potential impacts from construction can be extrapolated from current costs, those impact are speculative since construction is dependent on capturing a market. And that market is not in Maine since the \$280,000 estimated price tag of shore lots is far greater than most Mainers can afford. Median household income statewide is \$43,370.

In addition, Colgan's construction analysis is based on the assumption that 75 single family residential units will be put on sale each year and that 65 of them will be built upon in the year of purchase. If the experience with Plum Creek's First Roach Pond subdivision is any indicator, the assumption of 65 construction sites may be unrealistic. Apparently, on First Roach Pond only half or fewer of the 89 lots created in 2002 have seen new housing starts.

In examining Colgan's scenario for the impacts on tourism and recreation, the underlying theory is that "if we build it, they will come." This is a highly speculative assumption. One has only to remember the bankruptcies of Saddleback Ski Area, Sugarloaf U.S.A., Squaw Mt. Ski Area, and the Kineo Resort. The fact is, any region as far away from population centers as Moosehead is highly unlikely to generate a significant increase in day-trippers. In fact, recent studies have indicated a leveling off of demand for many outdoor recreational activities or even a slight decline.

2. Market Assessment of Land and Resort Development Greenville, Maine. Economic Research Associates. Project #16718. May 30, 2007.

This report asserts that more than adequate "demand potential" exists to support the residential and resort developments proposed by Plum Creek. (p. 2) In other words, the demand does not exist, but the potential to create the demand does. LURC should not be permitting such wild speculation. ERA admits there is no current demand:

"The Moosehead Lake region has experienced general declines in its economy, tourist activity and employment base over the past several decades. Larger communities have been losing year- round population. Projections foresee a continuation of these trends...." (p. 2)

The ERA assessment, like the Colgan report, is based on a set of assumptions, none of which can be substantiated. The premise that the Baby Boomer generation will drive the vacation/retirement housing market is probably correct. (p.3) However, the assumption that this demographic will flock to the Moosehead Region is counter intuitive. Most Baby Boomers want to be in closer proximity to an urban/city culture with easy access to the arts, shops, dining, and healthcare. ERA's comparison with Vermont (pp. 35-36) suggests parallels, but Vermont is much closer to the Boston-New York-Montreal market and has four-lane highways close to the resort destinations. Moosehead requires at least 50 miles of travel on mediocre secondary roads. The income and education levels in Woodstock, Vermont, are vastly different from Greenville, Maine.

It is curious that ERA cites lot sales at Plum Creek's First Roach Pond subdivision (p. 34) as demonstrating the "area's growing potential for absorbing recreational and retirement housing demand." Only about half the 89 Plum Creek lots on First Roach Pond have experienced construction, suggesting that buyers are speculating. While ERA points out that local sales volumes and prices have increased in Piscataquis County in recent years, this market has no bearing on the market potential for Plum Creek's units since the average cost of such units (about \$280,000) is well out of the reach of most local households since median income was \$30,942 in 2005. (p. 22)

Even ERA refers to an Eastern Maine Development Corporation assessment of tourism in the Moosehead area, which concluded that the "visitation to Moosehead Lake and the North Maine Woods mostly comes from long-time, repeat visitors. Out of state visitation has been in general decline, particularly to outdoor recreation areas...." (p. 30) Yet ERA contends that the Plum Creek development proposal could succeed if "only one out of every 400 retirement age households from the Maine/New Hampshire/Massachusetts region is assumed to be captured or if only one of every 2000 retirement age households from Southern New England and the New York and New Jersey region is assumed to be captured." ERA calls 1 in 400 and 1 in 2000 a "conservative assumption." To my knowledge, there has never been a market-capture at that level, particularly in a declining economy.

3. Summary statement about Colgan and ERA reports

The Colgan and ERA analyses do not provide realistic models for the economic impact and the marketability of Plum Creek's concept plan. There is a strong disconnect between existing economic conditions and the favorable potential economic outcomes in both the Colgan and ERA projections. Both reports are based on the assumption that "if you build it, they will come." And if they come, positive economic outcomes will prevail (a tenet, I want to call into question in the next section of my testimony). Given that both of these reports are based on weak and speculative assumptions, LURC can only assume that Plum Creek's primary objective in seeking

rezoning is speculative as well. With little current market demand, and with Plum Creek suggesting only the possibility of potential demand, I cannot see how, using its own standards, LURC could approve Plum Creek's rezoning petition.

AN ALTERNATIVE PERSPECTIVE

Plum Creek's speculative market study and economic analysis are based on Adam Smith's neoclassical economic theory. It assumes that more is better and that growth can only be sustained through the expenditure of natural capital. It completely disregards the externalities of development. A comprehensive cost/benefit analysis based on modern ecological economic theory needs to be undertaken before any conclusions, or for that matter any speculations, can be made. I contend that the most economically viable outcome for the Moosehead Lake Region is not sprawling development, exclusive gated communities, or expensive resorts, but the protection of the regions undeveloped landscapes. It is ironic that Plum Creek argues that the quality of the Moosehead environment is a potential economic engine, and yet in order to capture that potential, they must degrade the environment by spending the region's natural capital.

According to Stephen Farber of the Graduate School of Public and International Affairs, "ecological economics is a policy-oriented perspective that addresses the interdependence and co-evolution between human economies and their natural ecosystems." Put more simply, this means that when we consider the economic impacts of wildlands development, we must consider more than just the value of the extracted resources or the dollar value of converting the wildlands to resorts, housing developments, shopping malls, restaurants etc.

ECOLOGICAL ECONOMICS: A MODEL FOR THE FUTURE

Wildlands are places where nature is allowed to reign free and the natural ecological processes are allowed to operate unfettered by human intervention and intrusion. John Loomis, an economics professor at Colorado State University, has pointed out that "the long term effects of diminishing wildlands is not just environmentally unfriendly, but it is economically unsound. Converting natural wealth into a one time benefit of corporate profits is a major swindle which should outrage all of us."

Western civilization has promulgated the idea that wild places have no value unless they can be developed or their natural resources can be extracted. The notion that protecting the natural environment is antithetical to a vibrant economy is often used to frame the "jobs vs. the environment" debate. After all, how do you measure the value of clean air, fresh water, biodiversity and open space?

In the last several decades, a new branch of economic analysis called Ecological Economics has emerged which has begun to quantify the value of wildlands. Wildland economists have dispelled the myth that "a good forest is a logged forest." They have demonstrated that the economic benefits from extraction industries are often far less than the sustainable economies created by wilderness preservation. It is simply not

true that families cannot thrive, that jobs cannot be created, and that communities cannot be sustained by an economic engine fueled by wilderness. In fact, the maintenance and restoration of wilderness offers a great opportunity to spawn a new economic model, a model that is all about creating jobs and developing sustainable communities.

Wilderness as a "silent economic engine" pays in several ways. It directly generates jobs associated with non-consumptive uses and it attracts businesses due to a higher quality of life. Wilderness also has intrinsic value in just existing. I may never visit the Alaska National Wildlife Refuge, but just knowing it is there and that I could visit it has value. Many people in Maine may never visit Moosehead, but just knowing the wild lakes, forests, and mountains exist there has value. Economists quantify this value by using a tool called "contingent valuation." Contingent valuation uses polling data to determine what the average person would pay to keep an area pristine. LURC should require a contingent valuation analysis for the Plum Creek concept plan. Finally, wilderness has definable economic value for the services it provides. For example, it is possible to calculate the value of the air and water purification systems in a forest.

ECONOMIC BENEFITS OF RESTORING & PROTECTING WILDERNESS IN MAINE

All of us who live in Maine are aware of the economic disparity between the southern and northern parts of the state. In southern Maine we have seen an explosion of new businesses and job opportunities. This rapid expansion, while improving economic conditions, has had its own set of negative impacts typical of uncontrolled growth.

In northern Maine, economic vitality has declined mostly as a result of the downturn in the forest products industry. For generations the forest products industry has been the dominant economic force. But times have changed, and communities overly dependent on the forest products industry have experienced massive job loss and significant out-migration as workers and their families have sought opportunities elsewhere.

These patterns of job loss and out-migration are typical of populations with an over-reliance on extractive industries. It is painfully evident that the economic health of northern Maine will continue to decline until a new economy is established which is more diversified. This new diversified economy has the greatest chance of success if it is based on protecting and restoring the wilderness character of northern Maine. Plum Creek's concept plan, even with its limited mitigation, is not about restoration, it is about continued exploitation.

Northern Maine needs to develop a diversified economy based on its unique characteristics and strengths. It is the region's quality of life and the huge value of its ecosystem services which offers the best hope for the future. The northern forest of Maine makes up the largest contiguous area in the lower 48 states of undeveloped wildlands. Protecting these lands from the sprawl of megalopolis moving up from the south is critical to the economic future of this region. By protecting and restoring this region Maine will be able to capitalize on its unique economic potential. The creation

of a Maine Woods National Park and Preserve would be an excellent start for catalyzing a new economy for northern Maine.

What are some of the economic opportunities directly linked to protecting this region?

1. Ecosystem Services - The value of filtered air and water provided by the Northern Forest is worth billions of dollars. According to a recent study, the estimated ecosystem value of the 6 million acres sold in Maine between 1998-2004 has a value of more than \$600 million dollars per year.

2. Economic Advantages - Wildlands cost less to service than developed lands. Studies have determined that the service-cost-to-revenue ratio for open space is \$0.34/\$1.00 whereas for developed land it is \$1.15/\$1.00.

3. Property Values - Protected lands raise property values for nearby real estate. When the New Jersey Pinelands National Reserve was created, property values increased by 35%. Lands close to the Green Mountain National Forest are 8% more valuable if they are near wilderness areas.

4. New Business Attraction - Quality of life plays a major role in attracting new, clean businesses. In the last 30 years, communities in close proximity to national parks have experienced job growth three times the national average.

5. Income Growth- Declining wages have been a major component of the forest products industry decline. Real wages in and around Acadia National Park have seen a \$7000 increase in the last thirty years. Wages in areas next to national parks have increased twice as fast as the national average.

CONCLUSION

The Land Use Regulation law (12 MRSA § 685-A, 8-A, B) says that:

“A land use district boundary may not be adopted or amended unless there is substantial evidence that...The proposed land use district ... has no undue adverse impact on existing uses or resources...”

The goal pertaining to economic development in the Commission’s Comprehensive Land Use Plan says:

“Balance the economic benefit that Maine people derive from the natural resource-based industries of the Commission’s jurisdiction, especially the maintenance and creation of quality jobs, with protecting the environmental quality and special values of this area.”
(p. 141)

The Commission’s Criteria for Review (Section 10.23, H) say a concept plan must strike:

“...a reasonable and publicly beneficial balance between appropriate development and long-term conservation of lake resources...”

It is clear to me that Plum Creek’s concept plan *will* cause undue adverse impacts, will *not* achieve a balance of quality jobs while protecting the environment, and *will not* strike a reasonable and publicly beneficial balance between appropriate development and long-term conservation of lake resources.

It is also clear that protecting and restoring Maine's wilderness is key to creating a vital sustainable economy in northern Maine and that Plum Creek's concept plan will undercut the future. The backbone of a sustainable economic future is in wilderness restoration, not the continued erosion of wildlands through sprawling development. Even in the absence of a scientific understanding of the importance of protecting ecosystems, Thoreau said it all: "in wildness is the preservation of the world."

Remember the image of the eastern seaboard at night. Maine has the last bastion of undeveloped land in the eastern U.S. For sure, this land has been damaged in recent decades by forest mismanagement. Given enough time, it can recover from the logging and roading. However, once the door is opened to massive development, the lights will come on and the wildness will be gone forever. Wildlands are a scarce resource. They provide for human survival needs. They have value beyond the obvious economic inputs from outdoor recreation. They provide valuable sanctuaries for protecting biological diversity. They operate as carbon sinks, pollution reducers, water and air filters, etc. I like to call these services life support services. There should be no question in anybody’s mind today, that we are rapidly losing this planet’s life support systems. Plum Creek's development may seem relatively insignificant in the scheme of things, but taken as part of a collective process of a thousand cuts, it is deadly.

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Colgan, Charles. Estimated Economic Impacts from Development Associated with the Proposed Rezoning of Lands Owned by Plum Creek Timber in the Moosehead Lake Region. Center for Business and Economic Research, University of Southern Maine. May 2007.

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Power, T. M. Soul of the Wilderness. Wilderness Economics Must Look Through the Windshield, Not the Rearview Mirror. Journal of Wilderness. Vol 2, 1 May, 1996.

Power, T. M. The Economic Impact of the Proposed Maine Woods National Park and Preserve. 2001.

RESTORE: The North Woods. The Economic Value of Protecting Wildlands. 2004.

FEN ORGANIZATIONAL PROFILE

FEN Mission

The Forest Ecology Network (FEN) is a non-profit organization founded in 1996 as a result of efforts to pass a statewide referendum to ban clearcutting. FEN's mission is to protect, preserve, and restore the Maine Woods. This includes the protection of wildlife, forest restoration, promotion of sustainable forestry, protection of natural resources, enhancement of biological diversity, and support for the creation of large-scale wilderness reserves.

FEN Organizational Profile

During the last decade, FEN has been a major force defining the debate over forestry practices in Maine. FEN has approximately 1300 members, and a support database of over 10,000. FEN has one full-time paid staff and ten board members. FEN employs consultants as sub-contractors as needed. FEN is committed to minimizing bureaucracy and keeping overhead low so the limited resources can be directly spent on projects and issues. The core of FEN's activist work is carried out by an extensive statewide network of volunteers. FEN publishes *The Maine Woods*, and maintains a website at www.forestecologynetwork.org.

FEN has consistently worked on the state and local levels to promote sustainable forestry, and was the major force behind the Ban Clearcutting Campaign (1996), No on 1 (1997), 4-Point Plan (1998), and An Act Regarding Forest Practices (2000). FEN is a co-founder and active member of the Maine Woods National Park Coalition. In 2002 and 2003, FEN's Herbicide Project was successful in stopping International Paper from spraying forests in the towns of Coplin, Guilford and Willimantic.

FEN spent considerable effort during 2003-2004 working on a bear baiting, hounding, and trapping initiative - organizing a signature collection drive, producing and distributing *The Bear Facts* publication (25,000 copies) and a video called *The Maine Debate* (1500 copies). FEN also joined forces with a national effort, "The United Forest Defense Campaign" - producing and distributing 25,000 copies of an issue of *The Maine Woods* entitled "Bush vs the Environment." In 2005, FEN focused its effort on the H2O for Maine Campaign publishing and distributing a special edition of *The Maine Woods* called "Whose Water Is It?" FEN engaged in educational outreach through public forums and FEN volunteers worked on the H2O for Maine Campaign signature collection drive. In 2005, FEN also participated in developing a strategy for the protection and conservation of late-successional forests.

In 2005, FEN helped launch the Save Moosehead Campaign in response to Plum Creek's massive wilderness sprawl proposal around Moosehead Lake. FEN members participated in scoping sessions. In 2006, FEN continued its efforts on the Save Moosehead Campaign. FEN published and distributed more than 15,000 copies of a special edition of *The Maine Woods* dealing with the issue of Plum Creek's wilderness sprawl proposal. In addition, a website www.savemoosehead.org was established.

JONATHAN KINGSBURY CARTER

EDUCATION

Antioch, 1996, Doctoral Work (Environmental Studies)
University of Maine (Orono), 1989-1991, Doctoral Work (Botany)
University of Maine at Farmington, 1987-1988, Graduate Courses
University of New Hampshire, 1975-1979, M.S. (Botany)
Williams College, 1969-1973, B.A. (Psychology)

WORK EXPERIENCE

Director, Forest Ecology Network, 1995- present
LaMarche for Governor – Consultant, 2006
Water Campaign – Consultant, 2005
Fair Bear Hunting Campaign – Consultant, 2003
Candidate for Governor, 2002
Director, Forest for Future Campaign, 2000
Director, No on Compact Campaign, 1997
Director, Ban Clearcutting Campaign, 1996
Director Green Party, 1995-1996
Candidate For Governor - Independent Green, 1994
Director Green Institute, 1992-1994
Candidate U.S. Congress - Independent 2nd District, 1992
Biologist - University of Maine at Farmington, 1988-1992
Earth Science/Chemistry Teacher - S.A.D. 74, 1987-1988
Tutor/Substitute Teacher - S.A.D. 78, 1984-1987
Biology Teacher - Kents Hill, 1983-1984
Biology/Geology - Berwick Academy, 1978-1983
Outdoor Education Instructor - Exeter Academy, 1977-1978
Environmental Consultant - Dickey-Lincoln Dam, 1977-Aug.
Teaching Assistant - University of NH, 1976-1977
Research Assistant - University of NH, 1975-1976
Research Assistant - USDA Forest Service, 1973-1975

PRESENTATIONS

Jonathan has been invited to give presentations at colleges, universities, and conferences around the country. He has written and lectured on a variety of topics, but his primary focus has been on forest health and sustainability.

State of Maine
KENNEBEC, ss

Dated: _____ 8/29/07 _____

____/s/Jonathan K. Carter personally appeared before me and, after taking the oath,
swore that the above statements are true.

____ Donna L. York _____
Notary Public/Attorney